



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0339	Title:	Vehicle fee increase to fund car seat program
Primary Sponsor:	Small-Eastman, Veronica	Status:	As Introduced

- | | | |
|---|---|---|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
State Special Revenue	\$228,072	\$456,144	\$467,142	\$478,296
Revenue:				
State Special Revenue	\$228,100	\$456,200	\$467,150	\$478,350
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of Fiscal Impact:

Passage of HB 339 would add a registration fee of 50 cents for select vehicle and trailer registration to be deposited into a state special revenue account to fund a child safety restraint program.

FISCAL ANALYSIS

Assumptions:

Department of Justice (DOJ) – Motor Vehicle Division

1. Passage of HB 339 would add a fee of 50 cents for each light vehicle, trailer, semitrailer, pole trailer, heavy truck, motor home, motorcycle, quadricycle, and travel trailer registration process.
2. The new Montana Enhanced Registration and Licensing Information Network System (MERLIN) will be implemented by the Department of Justice in September 2007.
3. There will be no programming in the legacy system for this fee due to the 01/01/2008 effective date.
4. This new fee could be configured by the Motor Vehicle Division staff as a new product in the MERLIN system; therefore, no additional cost for programming.
5. Approximately 891,000 registrations processed in calendar year 2006 would have also paid the 50 cent fee imposed by HB 339. Assuming that number would remain continuous in FY 2008, 2009, 2010 and 2011 with an annual 2.4 percent growth rate, approximately 456,200 registrations would pay this fee in FY

2008 (891,000 x ½ year + 2.4% growth = 456,192); 912,400 in FY 2009 (891,000 x 1.024 = 912,384); 934,300 in FY 2010 (912,400 x 1.024 = 934,298) and 956,700 FY 2011 (934,300 x 1.024 = 956,723).

6. Estimated revenues for the special revenue account for child safety restraint systems would be approximately \$228,100 in FY 2008 (456,200 registrations x \$0.50/registration); \$456,200 in FY 2009 (912,400 x \$0.50/registration); \$467,150 in FY 2010 (934,300 x \$0.50/registration); and \$478,350 in FY 2011 (956,700 x \$0.50/registration).

Department of Public Health & Human Resources

7. There are no eligibility requirements to receive a car restraint.
8. The Department of Public Health and Human Services (DPHHS) will contract with non-profit organizations for administration of the program. A handling fee will reimburse the non-profits for their expenses.
9. Car restraints are estimated to have an average cost of \$75 plus a \$3 handling fee per restraint.
10. Based on census data there are approximately 78,361 children between the ages of zero and six living in Montana.
11. Revenue from the vehicle taxes is estimated by the Motor Vehicle Division at \$228,100 for 2008, \$456,200 for 2009, \$467,150 for 2010, and \$478,350 for 2011.
12. Based on the number of children and the cost of administration of the program it is assumed all funds will be exhausted each year and the following number of car seats will be available: 2,924 for 2008, 5,848 for 2009 5,989 for 2010 and 6,132 for 2011.
13. Calculations are as follows:

FY 2008 – (2,924 car seats x \$75/car seat) + (2,924 car seats x \$3 handling fee/seat) = \$228,072 total cost

FY 2009 – (5,848 car seats x \$75/car seat) + (5,848 car seats x \$3 handling fee/seat) = \$456,144 total cost

FY 2010 – (5,989 car seats x \$75/car seat) + (5,989 car seats x \$3 handling fee/seat) = \$467,142 total cost

FY 2011 – (6,132 car seats x \$75/car seat) + (6,132 car seats x \$3 handling fee/seat) = \$478,296 total cost

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
Department of Health and Human Services				
<u>Expenditures:</u>				
Benefits	\$228,072	\$456,144	\$467,142	\$478,296
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$228,072	\$456,144	\$467,142	\$478,296
<u>Revenues:</u>				
State Special Revenue (02)	\$228,100	\$456,200	\$467,150	\$478,350
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$28	\$56	\$8	\$54

Technical Notes:

1. The 2005 Legislature (SB 285) reorganized and consolidated many of the fees in lieu of tax and registration fees for motor vehicles and replaced allocations of motor vehicle revenue to special accounts with a percentages of the revenues collected rather than an amount per vehicle with the exception of the \$4 light vehicle FWP state parks fee and the \$5 MHP salary and retirement fee. Passage of HB 339 will

add an additional fee to the initial and/or renewal vehicle registration process(es). This could require reprogramming for the motor vehicle renewal notices sent to vehicle owners.

2. Administrative costs could significantly be reduced if vouchers were issued to the family (based on the amount of revenue for each county), whereby families could make individual choices about the car seats they were purchasing. Vouchers would eliminate the costs of procurement, storage and distribution, and would also eliminate the risk of liability as it would be the family, not the state, choosing the type and size of car seat to be used.
3. This direct involvement by DPHHS presents the possibility of claims of liability being asserted against DPHHS if a child using systems selected and provided by the department were injured or killed in an accident. Without reference to the merits of such claims, DPHHS could be named as a defendant under theories of negligence arising from the department's direct involvement in selecting and providing the systems, as well as in providing information concerning the proper use of such systems.

Sponsor's Initials

Date

Budget Director's Initials

Date